

## Message Text

PAGE 01 STATE 151549

16  
ORIGIN EA-14

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 IO-13 OMB-01 AID-20 DPW-01 EB-11 INT-08

COME-00 SCEM-02 CEQ-02 EPA-04 TRSE-00 XMB-07 AGR-20

ARA-16 INSE-00 SR-02 ORM-03 AEC-11 SCA-01 VOE-00 /230 R

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EXT 22538

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R 012150Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO AMEMBASSY BANGKOK

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USLO PEKING

UNCLASSIFIED

PAGE 02 STATE 151549

USSAG NAKHON PHANOM  
CINCPAC

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E.O. 11652 N/A

TAGS: PFOR, XC, US

SUBJECT: AUGUST 1 EA PRESS SUMMARY

INDOCHINA

1. GETLER (WP) QUOTES LAIRD THAT SYSTEM TO IDENTIFY KEY CONGRESSMEN TO BE INFORMED ON SENSITIVE MATTERS SHOULD BE SET UP BY CONGRESS. LAIRD DEFENDS SECRET BOMBING (ON TV "TODAY" SHOW) AS ESSENTIAL AT TIME BUT SAYS PENTAGON MADE ERROR GIVING CONGRESS DOCTORED REPORTS, DENIES CONDONING FALSIFYING RECORDS. ADDS THAT AS SECDEF HE BRIEFED CHAIRMEN AND RANKING MEMBERS OF ARMED SERVICES AND APPROPRIATIONS COMMITTEES.

2. FULBRIGHT ANNOUNCES SECRETARY ROGERS BEING ASKED TO EXPLAIN US INTENTIONS ON CAMBODIA BEFORE SFRC THURSDAY. DOS HAS NO IMMEDIATE INFO WHETHER SECRETARY WILL AGREE TESTIFY (MARDET, WP).

3. CAMBODIAN MPS GRABBING DRAFT AGE MEN INDISCRIMINATELY. PREMIER IN TAM SAYS SOME MPS ACCEPTING BRIBES FROM DRAFT DODGERS AND ATTACKS EXCESSES IN APPLICATION OF DRAFT (GREENWAY, WP).

4. KI OVERRUN VILLAGE 50 MI N PP, ENCIRCLE TOWN 35 MI NW PP. USAF POUNDS REBEL TROOPS ON 3 SIDES

OF PP. FIGHTING 6 MI NW AND 4 MI SE (CHITRIB; UPI: WP NYT, NYDN; PHINQ). REBELS PIERCE DEFENCE LINES 5 MI OUTSIDE PP, TRY TO GET WITHIN ROCKET RANGE POCHENTONG (SUN, AP). FIGHTING AROUND PP LOW EBB JULY 3S INCREASES AUG. S. WITH CONVOY ARRIVAL, SUPPLY SITUATION AT PP IS GOOD, ESPECIALLY RICE, GASOLINE. NCNA BROADCAST QUOTES SIHANOUK GOVT-IN-EXILE THAT LON NOL REGIME GIVING WAY LIKE AN AVALANCHE AND CALLING ON BUDDHISTS UNCLASSIFIED

PAGE 03 STATE 151549

TO ARISE (PHINQ).

5. THAI SOURCE SAYS THAI MERCENARIES IN LAOS WITHDRAWING; BY END AUGUST 3000 OF PRESENT 15000 WILL REMAIN (PHINQ). REMAINING 3000 WILL DEFEND CIA-MEO SPECIAL FORCES BASE AT LONG CHENG (AP; WP, NYT).

6. RLG AND PL CONFER AGAIN ON AGREEMENT BUT SIGNING NOT EXPECTED FOR 2 OR 3 WKS (PHINQ). RLG AND PL CONFER ON DETAILS, WILL PROBABLY SIGN PROTOCOL WITHIN A WEEK. SIGNING WILL SET PROVISIONS OF FEB C-F ACCORD IN MOTION (NYT, UPI). FURTHER PROGRESS MADE WITH 2 MAJOR ISSUES OF COALITION GOVT AND NEUTRALIZATION

OF VIENTIANE AND LUANG PRABANG SETTLED, REMAINING PROBLEMS CONSIDERED RELATIVELY SIMPLE (REUTER).

7. OBSERVERS CITE CANADIANS' DEPARTURE SAIGON AND ICCS ROLE (CHITRIB; PHINQ; WP, AP; UPI). CANADIAN COMMANDER SEES LITTLE HOPE PEACE WITHOUT GOOD FAITH BOTH SIDES; ICCS' COL. MORROW SAYS "YOU CAN'T SUPERVISE A WAR" (REUTER).

8. FATHERS (REUTER) REPORTS POLISH DELEGATION HEAD RETURNS TO WARSAW; SAIGON AND OTTAWA AGREE TO EXCHANGE AMBASSADORS, CANADA AND HANOI DISCUSSING EXCHANGE AMBASSADORS.

9 DIPLOMATIC SOURCES SAY IRAN AGREES REPLACE CANADA BUT COMMUNISTS HAVE NOT YET ACQUIESCED (UPI; ESPER, AP). ACCEPTANCE IRAN NOT CONFIRMED BY SVN (REUTER). IRAN WILLING REPLACE CANADA, ACCEPTED BY US, SVN (WP, AP; NYT). GWERTZMAN (NYT) REPORTS IRAN WILLING, US CONSULTING OTHER SIGNERS; SAYS DOS CONSIDERS

ICCS \$45 MILLION BUDGET TOO HIGH, AND CONSENSUS WASHINGTON IS THAT EXCEPT FOR CANADA ICCS MEMBERS FAIL CARRY OUT TASKS.

10. COMMUNIST C-F VIOLATIONS UP 18 FROM PREVIOUS UNCLASSIFIED

PAGE 04 STATE 151549

DAY TO 92, ALTHOUGH MOST MINOR (REUTER, NYDN, UPI).

11. SAIGON AND US SIGN \$50-MILLION DEVELOPMENT LOAN AGREEMENT TO REPAIR WAR DAMAGE, PROMOTE SOCIAL AND ECONOMIC PROGRESS. FIRST SUCH LOAN TO SAIGON SINCE 1961 (REUTER).

12. TREASTER (NYT) REPORTS SAIGON FORCIBLY MOVING THOUSANDS IN DELTA OUT OF VC AREAS OVER US OPPOSITION. MOST MOVES NOT FAR, BUT PEASANTS RESIST. GVN WANTS TO DENY POPULATION TO VC.

13. LIPPMAN (WP) SAYS THIEU EXPECTED SEEK THIRD TERM IN 1975 BUT NEEDS CONSTITUTIONAL AMENDMENT. REQUEST FOR AMENDMENT TO BE MADE TO ASSEMBLY IN 1974, WILL BE CONTROVERSIAL BUT THIEU'S POLITICAL POWER GROWING.

14. HANOI ACCUSES US OF TRUCE VIOLATIONS IN FORM OF OVERFLIGHTS AND FAILURE TO COMPLETE MINE-CLEARING (REUTER; NYT; AP). DOD DENIES VIOLATIONS, STATES MINESWEEPING COMPLETED IN COMPLIANCE AGREEMENT (NYT).

THAILAND

15. AMB. UNGER CALLS ON THANOM, ASSURES HIM US WILL  
CONTINUE HELPING CAMBODIA DEFEND ITSELF AGAINST COMMUNIST  
ATTACKS AFTER AUG. 15. LATER, THANOM TOLD NEWS  
CONFERENCE THAT CONTINUED US AID FOR CAMBODIA WILL  
BE IN FORM OF MOTOR VEHICLES, HELICOPTERS, MILITARY  
TRANSPORT SHIPS, WEAPONS AND MILITARY TRAINING.  
THANOM ADDED THAT US-THAI JOINT AID WILL CONTINUE,  
INVOLVING TRAINING KHMER TROOPS IN THAILAND AND EXPORTING  
THAI FOOD PRODUCTS TO CAMBODIA, WITH US PICKING UP  
TAB (REUTER).

CHINA

16. AP (NYDN) NOTES THAT PLA MARKS 46TH ANNIVERSARY  
TODAY WITH ITS TOP POSTS STILL VACANT SINCE LIN'S  
DEATH AND DISAPPEARANCE FROM PUBLIC VIEW OF ARMY  
UNCLASSIFIED

PAGE 05 STATE 151549

AND AF CHIEFS.

17. ADDRESSING GROUP OF US AGRICULTURAL ATTACHES,  
VP AGNEW SAYS GREATER PRC PURCHASES OF US CORN,  
SOYBEANS AND WHEAT MAY TAKE PLACE SOON. HE REFERS  
TO RECENTLY-DISCLOSED 500,000-TON WHEAT SALE TO  
PRC AS EXAMPLE OF FOOD'S "IMPORTANT ROLE IN PEACEFUL  
AND MUTUALLY BENEFICIAL RELATIONS" WITH OTHER  
COUNTRIES (AP, WP).

18 REUTER'S SHARP, IN PEKING, SAYS RELIABLE  
SOURCES REPORT PRC SUSPECTS SOVIET HAD HAND IN  
AFGHANISTAN COUP, CLAIMING KREMLIN IS TRYING TO  
EXPAND ITS INFLUENCE TOWARDS INDIAN OCEAN AND  
TO ISOLATE CHINA. PEKING HAS MADE NO DIRECT ACCUSATION;  
BUT SOURCES POINT TO CHOU'S ADDRESS LAST SATURDAY,  
AT BANQUET FOR CONGOLESE PRESIDENT, IN WHICH HE  
FLAYED "SUPER POWERS" WHO ARE "CARRYING OUT INTERFERENCE  
AND SUBVERSION IN OTHER COUNTRIES," AS DIRECTED  
AT RUSSIAN AFGHAN INTENTIONS.

20. BRITAIN'S DOWTY MINING EQUIPMENT AND DOWTY  
MEOCO ANNOUNCES PRC ORDER FOR COAL MINING EQUIPMENT  
WORTH OVER \$30 MILLION; SEES THIS AS "MAJOR BREAKTHROUGH"  
INTO "MASSIVE POTENTIAL MARKET IN CHINA" (REUTER).

JAPAN

21. NIXON-TANAKA MEETING RECEIVES HEAVY COVERAGE.  
REPORTS DRAW ATTENTION TO PRESIDENT'S WELCOMING  
SPEECH AND EMPHASIS ON JAPAN AS "AN EQUAL PARTNER"  
AND "A GREAT WORLD POWER". MARDER (WP) AND PHINQ  
NOTE TANAKA REMARKS DEVIATED FROM PREPARED TEXT.

PM STRESSED IMPORTANCE OF "THE PEOPLES OF OUR TWO COUNTRIES, AS PARTNERS, TO DEVELOP A FULL GRASP OF THE NATIONAL CHARACTERISTICS AND THE SOCIAL FABRIC OF EACH OTHER", AND OMITTED A REFERENCE TO A "LACK OF UNDERSTANDING BETWEEN NATIONS AND PEOPLES", SUBSTITUTING INSTEAD NEED TO "DEEPEN UNDERSTANDING AMONG PEOPLES". AMBASSADOR YASUKAWA UNCLASSIFIED

PAGE 06 STATE 151549

ANNOUNCED EXCHANGE OF VISITS IN NEXT 18 MONTHS BY NIXON AND EMPEROR. HALLORAN (NYT) REPORTS TWO LEADERS ALSO DISCUSSED NIXON-BREZHNEV MEETING, TANAKA'S SCHEDULED VISIT TO MOSCOW, AND JAPAN'S RELATIONS WITH CHINA. ASIAN ISSUES, INCLUDING ECONOMIC ASSISTANCE TO INDOCHINA AND FUTURE OF THE KOREAN PENINSULA, ARE ON AGENDA FOR TODAY. MARDER REPORTS TANAKA ALSO INTERESTED IN COORDINATION OF POLICY ON OIL, POSSIBILITY OF JOINT US-JAPAN VENTURES IN SIBERIA, AND JAPAN'S "PARTICIPATION" IN PRODUCTION OF ENRICHED URANIUM AND DEVELOPMENT

OF PEACETIME NUCLEAR ENERGY. IN PRESS CONFERENCE MONDAY, TANAKA SAID JAPAN WAS "VERY VEXED" BY US EXPORT CONTROLS. CSM CITES REPORTS IN JAPANESE PRESS THAT PRES. WILL ASK TANAKA FOR NON-WEAPONS MILITARY AID, TRUCKS AND COMMUNICATIONS EQUIPMENT, TO ROK. REPORTS SAID JAPAN AND US WOULD REAFFIRM SUPPORT OF PARK'S PROPOSAL FOR ADMITTING BOTH KOREAS TO UN, AND TANAKA WOULD PROBABLY TELL PRESIDENT JAPAN WILL EXPAND TRADE WITH AND EXTEND EXIM BANK LOANS TO NK. ON INDOCHINA, SANKEI REPORTED FROM WASHINGTON THAT PM WOULD OFFER \$50 MILLION FOR SVN RECONSTRUCTION IN 1973, AND A SIMILAR AMOUNT IN 1974. JAPAN WOULD ALSO TAKE POSITIVE ATTITUDE TOWARD BILATERAL AID TO LAOS, CAMBODIA, AND NVN, AND WOULD COOPERATE IN MULTILATERAL-ASSISTANCE PROGRAMS. HARRIS (REUTER) REPORTS TALKS TODAY WILL ALSO INCLUDE WAYS FURTHER TO CUT US TRADE DEFICIT WITH JAPAN, JAPAN'S ROLE IN "NEW ATLANTIC CHARTER", AND POSSIBLE CREATION OF "OIL CONSUMERS' UNION". HALLORAN REPORTS THAT IN PARALLEL MEETING, OHIRA MET WITH BUTZ AND CASEY, AND WAS TOLD THAT FALL HARVEST WOULD MAKE IT POSSIBLE TO LIFT EXPORT CONTROLS. JAPANESE OFFICIALS SAID THEY HAD BEEN GIVEN "REASONABLE ASSURANCES" THAT CONTROLS WOULD BE LIFTED IN SEPT. LAWRENCE NOTES THAT IN PRESS CONFERENCE PM SAID JAPAN "IS PLANNING TO DIVERSIFY" ITS WORLD TRADE, AND IF NECESSARY WILL RELY LESS ON US FOR BASIC COMMODITIES SUCH AS SOYBEANS UNCLASSIFIED

PAGE 07 STATE 151549

AND LOGS. IF US CANNOT ASSURE STABLE SUPPLY, JAPAN MIGHT TURN TO BRAZIL AND ARGENTINA FOR SOYBEANS, NZ AND SIBERIA FOR LOGS. IF US MEETS FUTURE JAPANESE COMMODITY NEEDS, HOWEVER, JAPAN WOULD WORK TO FULLEST POSSIBLE EXTENT TO "BUY AMERICAN" (JOC).

22. JOC REPORTS RECORD WHOLESALE PRICE INCREASES WHICH APPEAR LIKELY TO CHALK UP A MONTHLY GAIN FOR JULY OF AROUND 2 OVER JUNE HAVE JAPANESE ECONOMISTS PREDICTING A FOURTH RAISE IN THE OFFICIAL DISCOUNT RATE FOR THIS YEAR. TIMING AND MARGIN FOR INCREASE IS EXPECTED TO BE FIRST ORDER OF BUSINESS FOR PM WHEN HE RETURNS. MEANWHILE, JAPAN'S BALANCE OF PAYMENTS REGISTERED FOURTH CONSECUTIVE MONTH OF MASSIVE DEFICIT.

23. MCCARDLE AND SMYTH (WP) REPORTING ON PRESIDENT'S REMARKS AT BANQUET FOR TANAKA NOTE SEVERAL SHARP ALLUSIONS TO WATERGATE. PRESIDENT SAID "...WE ARE TOTAL FRIENDS AND COOPERATORS IN WORKING FOR PEACE. SO LET OTHERS SPEND THEIR TIME ON SMALL, VICIOUS, MURKY, UNIMPORTANT, LITTLE THINGS. WE WILL SPEND OUR TIME BUILDING A BETTER WORLD." SOME GUESTS FELT THESE AND SOME SIMILAR REMARKS WERE NOT REFERENCES TO WATERGATE, AND PERHAPS REFERRED TO DIFFERENCES WHICH HAD DIVIDED US AND JAPAN.

PHILIPPINES

24. NYT'S DURDIN, IN MANILA, REPORTS ELECTIONS COMMISSION ASSERTION THAT MARCOS GAINED 90 "YES" VOTES IN REFERENDUM COUNT SO FAR. ONE OF FEW MARCOS CRITICS WHO STILL PUBLICLY VOICES OPPOSITION, FORMER LIBERAL SEN. SALONGA, DENOUNCES "FICTITIOUS" VOTE, TERMS REFERENDUM INVALID BECAUSE MARTIAL LAW PREVENTED FREE AND FAIR EXCHANGE OF IDEAS. ELECTIONS COMMISSIONER SAYS PERSONS WHO DID NOT UNCLASSIFIED

PAGE 08 STATE 151549

VOTE WITHOUT JUSTIFIABLE REASON WILL BE PROSECUTED. APPARENTLY THOSE FAILING TO CAST BALLOT TOTAL MILLIONS; LARGE PROBLEM SEEN FOR COURTS.

25. INS GRANTS YEAR-LONG STAY OF DEPORTATION ORDER AGAINST BELOSO, FORMER GOP OFFICIAL WHO HAD REQUESTED US POLITICAL ASYLUM. INS SAYS REVERSAL CAME ON ADVICE FROM DOS' OFFICE OF REFUGEE AND IMMIGRATION AFFAIRS, WHICH SUGGESTED BELOSO

BE ALLOWED TO REMAIN IN UNDEFINED STATUS UNTIL  
PHIL POLITICAL SITUATION "IS CLARIFIED" (NYT).

26. MARCOS APPROVES PLAN TO SET UP FIRST NUCLEAR-POWERED ELECTRICAL PLANT IN PHILS. PLAN, PREPARED BY UN DEVELOPMENT FUND AND IAEA, CALLS FOR CONSTRUCTION OF \$250 MILLION, 600-MEGAWATT NUCLEAR PLANT OVER 9-YEAR PERIOD AT SITE TO BE DETERMINED (UPI, NYDN).

FRANCE'S S. PACIFIC A-TESTS

27. FRENCH NAVAL OFFICERS RELEASE FRI'S SKIPPER

AND 3 OF CREW. NZ DEPUTY PM WATT SAYS ALL PITCAIRN ISLAND RESIDENTS MAY BE EVACUATED IF THEY ARE ENDANGERED BY FALLOUT (UPI WP, NYDN).

COMMENT AND ANALYSIS

28. CSM'S OKA IN SAIGON DISCUSSES RELATIVE INFLUENCE OF SAIGON AND HANOI IN ANY POSSIBLE CONTEST FOR PRE-EMINENCE. FINDS THAT IN THE ALL-INDOCHINA FRAMEWORK, HANOI'S POSITION SEEMS UNBEATABLE BECAUSE OF DIMINISHING US ROLE IN LAOS AND CAMBODIA. OBSERVES THAT COMMUNIST RULED AREA COMPRISSES NOT A SERIES OF LEOPARD SPOTS, BUT A GEOGRAPHICALLY COHESIVE, STRATEGICALLY DOMINANT "HEARTLAND" CONSISTING OF ALL OF NVN AND AN ENORMOUS BULGE RUNNING DOWN BOTH SIDES OF THE ANNAMITE MOUNTAINS TO RUBBER PLANTATIONS OF CAMBODIA AND RICE-RICH DELTA. SAYS, HOWEVER, IF SAIGON-HANOI CONTEST IS VIEWED WITHIN THE LIMITED GEOGRAPHIC AND POLITICAL FRAMEWORK OF VN UNCLASSIFIED

PAGE 09 STATE 151549

ITSELF, SVN, WHERE AMERICAN PRESENCE REMAINS CONSIDERABLE AS DOES US AID, FACES HEAVY BUT MANAGEABLE ODDS.

29. SUN VIEWS C-F AGREEMENT TAKING SHAPE IN LAOS AS PROMISING TO BE NOTHING LESS THAN FURTHER TESTAMENT TO FAILURE OF US INTERVENTION IN INDOCHINA. AS THE TWIN DEBACLES IN LAOS AND CAMBODIA BECOME MORE DISCERNIBLE, WE ARE LEARNING BELATEDLY THAT OUR MILITARY ESTABLISHMENT ENGAGED IN PHONY DOUBLE BOOKKEEPING IN BOTH COUNTRIES TO DISGUISE AIR STRIKES. THE SECRET RAIDS HARDLY WILL HELP POSITIONS OF EITHER SIHANOUK OR SOUVANNA PHOUma IN WHAT-EVER ROLES THEY PLAY AT THIS PIVOTAL POINT IN THE INDOCHINA TRAGEDY.

30. S-N'S ARBUCKLE (JULY 31) IN PP EXPRESSES SKEPTICISM OVER OFFICIAL EXPLANATION THAT 10 CIA OPERATIVES IN KHMER COUNTRYSIDE ARE ONLY PERFORMING REPORTING FUNCTIONS PLUS SOME OVERSEEING OF END USE OF MILITARY EQUIPMENT.

SAYS OFFICIAL EXPLANATION RAISES MORE QUESTIONS THAN IT ANSWERS. ASSERTS IT IMPOSSIBLE TO CHECK OUT EX-PLANATION AS US EMBASSY OFFICIALS ARE ADAMANT THAT THE PRESS WILL NOT TRAVEL ON EMBASSY AIR TRANSPORT, AND COMMERCIAL TRANSPORT ALSO UNAVAILABLE. CONTENDS THAT THIS IS A SITUATION WHICH MEANS US OFFICIALS IN THE FIELD COULD DO MANY THINGS IN CONTRAVENTION OF CONGRESSIONAL INTENTIONS WITHOUT KNOWLEDGE OF THE PRESS OR CONGRESS. RECALLING USE OF CIA PERSONNEL WITH HOST-COUNTRY RECON TEAMS IN LAOS, ARBUCKLE COMMENTS THAT WITHOUT PRESS OR CONGRESSIONAL SURVEILLANCE, TEAMS COULD BECOME BATTALIONS AND REGIMENTS WITH INTELLIGENCE FUNCTION GIVING WAY TO MILITARY INVOLVEMENT. CONCLUDES THERE IS A POTENTIAL FOR DEVELOPMENT OF A CAMBODIAN PRIVATE ARMY BY THE US ON THE LAOTIAN MODEL.

31. NATIONAL REVIEW (AUG 3) THINKS IT POSSIBLE THAT PRES. WILL ASK CONGRESS TO EXTEND CAMBODIA BOMBING HALT BEYOND AUG. 15. IF SO, HIS REQUEST WILL BE FOR THE RECORD ONLY, SEEKING TO FIX ON CONGRESS RESPONSIBILITY FOR THE DEBACLE THAT IS PROBABLY COMING IN CAMBODIA. BOMBING COULD HAVE NO STRATEGIC MILITARY PURPOSE ONCE UNCLASSIFIED

PAGE 10 STATE 151549

THE AUG. 15 CUTOFF WAS DECIDED. THE PRESIDENT'S OBJECTIVE IN CONTINUING BOMBING CAN ONLY BE POLITICAL: TO HOLD OFF KI-NVA FORCES LONG ENOUGH TO PATCH UP A DEAL WITH MOSCOW, PEKING, HANOI AND SIHANOUK THAT WOULD INSTALL AND SUPPORT SOME SORT OF COALITION GOVERNMENT IN PP OR ARRANGE A DE FACTO DIVISION OF COUNTRY. A CAMBODIAN DEAL WOULD PERMIT THE ADMINISTRATION TO WRITE THE ARDENTLY WISHED-FOR FINIS, AND TO ANNOUNCE THAT FROM NOW ON IT'S UP TO THE LOCALS. REVIEWING THE LOCAL SITUATION, NATIONAL REVIEW FINDS PROGNOSIS FOR A DEAL UNFAVORABLE; COMMENTS THAT THE PRES. MAY BE GETTING SWEET TALK FROM MOSCOW AND PEKING, BUT FROM THEIR VIEWPOINT A US EMBARRASSMENT IN CAMBODIA ONLY SOFTENS US UP STILL FURTHER FOR THEIR EFFORTS TO GET THE MOST FOR THE LEAST OUT OF DETENTE.

LAT (JULY 31) EDITORIALIZES ON GREEK AND PHIL REFERENDA IN TANDEM. COMMENTS THAT "THE FUNDAMENTAL ISSUE WAS BAD, FOR IT WAS A HARDENING, A DEEPENING OF DICTATORSHIP" IN BOTH COUNTRIES. WHILE NOTING THAT BOTH COUNTRIES ARE OLD AND GOOD FRIENDS OF THE US AND ARE NATIONS OF UNUSUAL STRATEGIC IMPORTANCE, LAT CAUTIONS THE US TO BE SURE THAT ITS CLOSE AND CONTINUING RELATIONSHIP WITH BOTH GOVERNMENTS IS NOT USED TO REINFORCE TOTALITARIAN TRENDS.

32. CDN'S CUNNINGHAM (JULY 26) REPORTS ANNOUNCED PLANS FOR NEW HARBOR AND AIR BASE ON TINIAN, AND SUBMARINE BASE AND NUCLEAR STORAGE FACILITY ON PALAU. ATTRIBUTES PLANS TO NIXON DOCTRINE WHICH MAKES GUAM AND MICRONESIAN

ISLANDS LOGICAL FALL-BACK POSITIONS TO CONSOLIDATE AND MEET ASIAN COMMITMENTS. HOWEVER, THE ESTABLISHMENT OF MILITARY BASES IN MICRONESIA WILL NOT BE EASILY ACCOMPLISHED, SINCE UNDER UN TRUSTEESHIP ARRANGEMENT US AGREED TO "PROMOTE THE DEVELOPMENT OF THE INHABITANTS OF THE TRUST TERRITORY TOWARD SELF-GOVERNMENT OR INDEPENDENCE AS APPROPRIATE." OBSERVES THAT LAST YEAR, WHEN NAVY ADMITTED IT WANTED A SUBMARINE BASE IN PALAU, ISLANDS' TRADITIONAL LEADERS GAVE AN EMPHATIC "NO". FEAR OF MILITARY EXPANSION, AS WELL AS 25 YEARS OF NEGLECT AND INEPT ADMINISTRATION, HAS PROMPTED MANY MICRONESIANS TO ADVOCATE INDEPENDENCE OR FREE ASSOCIATION WITH THE US DURING POLITICAL-STATUS NEGOTIATIONS HELD DURING THE LAST TWO YEARS. EXPANDED ACTIVITY ON GUAM ALSO UNCLASSIFIED

PAGE 11 STATE 151549

BEING MET WITH GROWING CONCERN IN THE CIVILIAN COMMUNITY.

33. NYT'S RESTON MAINTAINS THAT DURING NIXON'S NEXT THREE YEARS, THE US, EUROPEAN COMMUNITY AND JAPAN MUST REACH AGREEMENTS ON COMMON ECON, MONETARY AND DEFENSE INTERESTS OR RISK A DECLINE INTO NATIONALISM, PROTECTIONISM, MILITARY DIVISION AND WEAKNESS. THIS IS WHY TANAKA IS IN WASHINGTON. GREATEST THREAT TO INTERNATIONAL SECURITY IS THE POSSIBILITY OF A COLLAPSE OF THE INTERNATIONAL ECON SYSTEM. IRONICALLY, THIS CRISIS HAS COME AT A TIME WHEN PRESIDENT NIXON'S POWER AND PRESTIGE, BECAUSE OF WATERGATE, ARE LOWER THAN EVER BEFORE. THE PRES. NEEDS PUBLIC SUPPORT FOR THE LARGER OBJECTIVES OF PUBLIC POLICY, BUT THIS POWER RESTS ON FAITH AND TRUST WHICH HAS BEEN LARGE DESTROYED BY THE ZEAL AND SELF-RIGHTEOUS TRICKERY OF THE PRES. HIMSELF AND HIS NARROW LITTLE BAND OF WILLFUL MEN.

34. LAT'S JAMESON (JULY 31) WITH TANAKA IN WASHINGTON REPORTS SEVEN ADMINISTRATION OFFICIALS ASSEMBLED JULY 30 TO OFFER APOLOGIES AND EXPLANATIONS TO JAPAN FOR CUTTING SOYBEAN SHIPMENTS. CITES TSURUMI AS SAYING OHIRA WAS "SATISFIED" WITH MEETING. BUTZ HEADED US GROUP CONSISTING OF SIX OTHER OFFICIALS FROM AG, STATE AND WH STAFF. FLANIGAN MADE WHAT TSURUMI CALLED A "SURPRISE" APPEARANCE, AND BUTZ APOLOGIZED TO OHIRA FOR HIS ABSENCE FROM CABINET LEVEL ECON MEETING. BOTH AGREED TO HAVE EXPERTS FROM BOTH COUNTRIES GET TOGETHER TO EXCHANGE INFO BEFORE AGMIN. SAKURAUCHI VISITS WASHINGTON IN SEPTEMBER TO DISCUSS PROBLEMS INVOLVING SUPPLY OF AGRICULTURAL PRODUCTS TO JAPAN. ACCORDING TSURUMI, FLANIGAN AND BUTZ TOLD OHIRA THAT EXPORT RESTRICTIONS ON SOYBEANS AND 40 OTHER AGRICULTURAL PRODUCTS WOULD BE ENDED - BARRING UNFORESEEN CHANGES IN US DOMESTIC MARKET OR UNFORESEEN DEMAND FROM ABROAD -

ON SCHEDULE IN SEPTEMBER.

35. BILL ANDERSON (CHITRIB) NOTES INFLUX OF JAPANESE INDUSTRY INTO BRAZIL, AND OBSERVES THAT BRAZIL UNCLASSIFIED

PAGE 12 STATE 151549

IS DOING MORE HEAVY INDUSTRY BUSINESS WITH JAPAN THAN WITH US. CITES USG MEMO AS SAYING "THE LARGEST JAPANESE INVESTMENT OVERSEAS IN TERMS OF INSTALLED OPERATING ENTERPRISES IS LOCATED IN BRAZIL. THE NUMBER OF JAPANESE FIRMS IS EXCEEDED ONLY BY THOSE EXISTING IN JAPAN ITSELF." NATIONAL FOREIGN TRADE COUNCIL REPORTED IN LATE JANUARY THAT JAPAN WILL INVEST UP TO \$2 BILLION IN BRAZIL IN THE NEXT FIVE YEARS. CITES COUNCIL PUBLICATION AS SAYING THAT JAPAN'S CHIEF REASON FOR STEPPING INTO BRAZIL IN SUCH A BIG WAY IS "GROWING ANXIETY ABOUT FUTURE TRADE RELATIONS WITH THE UNITED STATES"; EXPLAINING IN EVENT OF RESTRICTIONS HERE "THERE MAY STILL BE OPENINGS IN THE US MARKET FOR JAPANESE GOODS 'MADE IN BRAZIL'."

36. S-N'S GEORGE SHERMAN (JULY 31) CITES OFFICIALS AS SAYING THAT TANAKA IS EXPECTED TO DISCUSS PLANS TO OFFER \$50 MILLION IN ECON AID TO SVN OVER REMAINDER OF 1973 - FIRST INSTALLMENT ON RECONSTRUCTION AID FOR ALL INDOCHINA WHICH EXPECTED TO REACH \$500 MILLION OVER NEXT FIVE YEARS. QUOTES BOTH SIDES AS SAYING THAT KEY QUESTION FOR WH SESSION IS HOW TO COORDINATE US AND JAPANESE AID PROGRAM IN VN INTO AN INTERNATIONAL EFFORT. SHERMAN VIEWS JAPANESE AID PROPOSAL AS GIVING ADMINISTRATION AID BILL A BOOST ON HILL, SINCE SENATE CRITICS DISTRUST ANY GO-IT-ALONE US AID TO SVN. AMONG STATEMENTS MADE TO NEWSMEN, TANAKA REVERSED ONE BY HIS KEY MINISTERS BY SAYING THAT JAPAN IS NOW READY TO JOIN SOME KIND OF OIL "CONSUMER'S UNION." ADDED JAPAN IS NOT OUT TO CONFRONT OIL PRODUCERS OR COMPETITORS, BUT SEES NEED FOR COOPERATION AMONG INDUSTRIALIZED CONSUMER NATIONS IN DEVELOPING EVERYTHING FROM NUCLEAR INDUSTRY TO "EFFICIENT" USE OF SCARCE OIL SUPPLIES.

37. CHITRIB,REFERRING TO WHITLAM VISIT, NOTES THAT WHITLAM INJECTED A "YES, BUT-" NOTE INTO HIS PROTESTATIONS OF UNDYING FRIENDSHIP FOR THE US. RECALLING "...WHEN THE CHIPS ARE DOWN WE'RE UNCLASSIFIED

PAGE 13 STATE 151549

WITH YOU..." COMMENT QUOTED BY TRIB MAGAZINE

EDITOR MCCROHON IN RECENT SERIES OF ARTICLES ABOUT HIS NATIVE AUSTRALIA, CHITRIB SAYS WHILE AUSTRALIA MAY PROVE ONE OF OUR MOST IMPORTANT ALLIES IN DEALING WITH ASIA AND THE PACIFIC IN THE FUTURE, WE MUST BE CERTAIN SHE REALLY IS WITH US. CONCLUDES WITH WISTFUL HOPE THAT WHITLAM CAN FIND A WAY OF STRESSING THE "YES" INSTEAD OF THE "BUT."

38. LAT'S LAMB IN HOBART (JULY 31) WRITES FEATURE STORY ABOUT POSH 21-STORY CASINO - FIRST LEGALIZED IN AUSTRALIA LAST FEBRUARY - WHICH CHANGED TASMANIAN LIFE-STYLE AND GAVE IT GEOGRAPHIC IDENTITY. ROGERS

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## Message Attributes

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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** ADS  
**Document Unique ID:** 00  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
**Film Number:** n/a  
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**Locator:** TEXT ON-LINE  
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**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** willialc  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06-Aug-2001 by reddocgw>; APPROVED <20-Aug-2001 by willialc>  
**Review Markings:**

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US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AUGUST 1 EA PRESS SUMMARY  
**TAGS:** PFOR, XC, US  
**To:** SAIGON INFO BANGKOK  
BUDAPEST  
CANBERRA  
JAKARTA  
MANILA  
MOSCOW  
OTTAWA

PHNOM PENH  
SEOUL  
TAIPEI  
TOKYO  
VIENTIANE  
WARSAW  
WELLINGTON  
BIEN HOA  
CAN THO  
DANANG  
HONG KONG  
NHA TRANG  
JEC PARIS  
PEKING  
USSAG NAKHON PHANOM  
CINCPAC

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005